

 EXECUTIVE 27 September 2017		Agenda Item No. 3
Title	Fees and Charges 2018/19	
For further information about this report please contact	Andy Crump (01926 456810) Mike Snow (01926 456800)	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Executive 28 September 2016 - Fees and Charges 2017/18	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	849
Equality Impact Assessment Undertaken	Yes/No (If No state why below)
Yes – waste receptacle waiver	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		
Head of Service	7/9/17	Mike Snow
CMT	5/9/17	
Section 151 Officer	7/9/17	Mike Snow
Monitoring Officer	12/9/17	Andrew Jones
Finance		Finance Report
Portfolio Holder(s)	5/9/17	Councillor Whiting
Consultation & Community Engagement		
Local Business Groups and Town Councils have been updated on the revised charges.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

SUMMARY

- 1.1 The report details the proposals for Fees and Charges in respect of the 2018 calendar year. It also shows the latest Fees and Charges income 2017/18 budgets, initial 2018/19 and the actual out-turn for 2016/17.

2. RECOMMENDATIONS

- 2.1 Executive recommends to Council the Fees and Charges proposals set out in Appendix A, to operate from 2nd January 2018 unless stated otherwise.
- 2.2 Executive recommends to Council that 'any resident who is unable to pay for waste containers shall have the charges waived if they are eligible for maximum council tax reduction as well as being in receipt of either Attendance Allowance, Disability Living Allowance or Personal Independence Payment'. This will be subject to any request being limited to one every two years. Outside of this, charges may only be waived where the Council is satisfied that the household would experience exceptional financial hardship.
- 2.3 That Executive recommends to Council to approve Everyone Active's request to increase 'Core' fees and charges by 2% in the 2018 calendar year.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Council is required to update its Fees and Charges in order that the impact of any changes can be fed into the setting of the budget for 2018/19. Discretionary Fees and Charges for the forthcoming calendar year have to be approved by Council.
- 3.2 In the current financial climate, it is important that the Council carefully monitors its income, eliminates deficits on service specific provisions where possible and therefore minimises the forecast future General Fund revenue deficit.
- 3.3 Some additional fees have been created to generate additional income for the service areas concerned and others in response to new legislation. These are highlighted in Appendix A. Other charges have been deleted due to legislation changes or changes in the way the service is provided. A 2% increase in Fees and Charges income has been allowed for in the Medium Term Financial Strategy (MTFS). Estimates suggest that the changes recommended in this report will increase the related income by 3.25% (see 5.2 and Appendix A).
- 3.4 The Regulatory Manager has to ensure that licensing fees reflect the current legislation. The fees charged should only reflect the amount of officer time and associated costs needed to administer them.
- 3.5 Bereavement – new cremation fees are proposed to meet potential new or differing customer requirements.
- 3.6 Land Charges and Building Control fees are ring fenced accounts: Income levels for Land Charges are still high and it is recommended that fees

should not increase to avoid creating a large surplus on the Building Control Account, which should break even. Building Control is subject to competition from the private sector and has to set charges that are competitive otherwise they will lose customers.

- 3.7 A report was submitted to August's Executive detailing proposals for the Parking Service and the findings from that report have been incorporated into this report.
- 3.8 Management of the Council's Leisure Centres is now by Everyone Active. The contract definition states that 'The Contractor shall review the (following) core products and prices in September of each year and submit any proposed changes to the Authority for approval (the "Fees and Charges Report")'. The prices are shown at Appendix B.

4. **POLICY FRAMEWORK**

4.1 **Financial Strategy**

This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February and the proposed increases outlined in the Budget Review Report in August 2017.

4.2 **Fit for the Future**

"The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
Impacts of Proposal		
Fees and Charges provide income towards the cost of providing excellent services which support, for example, health, sporting and cultural activities for which this District is renown.	The introduction of Environmental Enforcement charges will ensure that litter, fly tipping etc. is reduced, making open spaces more attractive to residents and visitors.	Markets help to contribute to our vibrant town centres and this is taken into account when stall charges are set. The Enterprise team is active in encouraging local employment.

Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
<i>None</i>	Generating income ensures services can invest in modern processes and equipment to meet customer needs and provide the service in an efficient and effective way.	This has always been one of the key drivers of the fees and charges process and this continues to be the case.

4.3 Community Engagement

- 4.3.1 Local Councils and Chamber of Trades have been consulted as part of the Fees and Charges process. Some fees are only meant to cover the cost of providing the service and these are reviewed on a regular basis and the cost recovery analysis is available to the user if required.

4.4 Changes to Existing Policies

- 4.4.1 There are no changes proposed to existing policies, however the introduction of the waste receptacle waiver and the introduction of environmental enforcement charges are additions to existing policies.

4.5 Impact Assessments

- 4.5.1 The impact of Fees and charges (and possible increases) are assessed by Service Area managers, with concessions offered to ensure all residents are able to access these services, if required. The proposed introduction of a waste receptacle waiver confirms that impact assessments are undertaken on a regular basis.

5. BUDGETARY FRAMEWORK

- 5.1 The Council's Medium Term Financial Strategy assumes an increase of 2% in income from discretionary fees and charges for 2018/19, £139,500. The actual estimated increase from the charges proposed within this report is some £215,100, an additional £75,600 for the General Fund.

5.2 The revenue effects of the proposed Fees and Charges are summarised in the following table.

	Actual 2016/17	Original Estimate 2017/18	Latest Estimate 2017/18	Estimate 2018/19	Change 2017/18 Original to 2018/19
	£	£	£	£	
GENERAL FUND SERVICES					
Chief Executive's Office	56,000	45,000	35,000	45,000	0.0%
Culture	229,688	240,300	237,500	235,500	-2.0%
Development	1,138,925	1,209,700	1,259,300	1,263,700	4.5%
Health & Community Protection	228,066	219,100	221,000	220,500	0.6%
Housing	74,600	84,000	84,000	84,000	0.0%
Neighbourhood	4,827,139	4,824,400	4,827,100	4,988,900	3.4%
TOTAL GENERAL FUND SERVICES	6,554,418	6,622,500	6,663,900	6,837,600	3.25%
HOUSING REVENUE ACCOUNT					
Housing	247,200	239,100	239,100	245,000	2.5%

5.3 Increased income from Fees and Charges will reduce the net cost of General Fund Services to the Council Tax Payer and seek to generate income to cover the costs of the provision of respective services. Any increases above the 2% per annum assumed within the Strategy will reduce the ongoing savings target. This was expected to be £385,000 as reported to the August Executive as part of the Budget Review Report.

- 5.4 The current forecasts for 2017/18 and 2018/19 will be reviewed within both the Base Budget Report (November) and Budget setting Report (February 2018). Managers will also continue to review their projections on a monthly basis.
- 5.5 As members will be aware, a Memorandum Account has been produced to bring all the costs of the Parking service together so as to show the full cost of the service, and to what extent the service is subsidised. One of the main changes introduced in this account was in respect of the capital charges so as to ensure that these reflected the full value of the assets being used in the provision of the service. The external auditors have confirmed their agreement to the memorandum account in reflecting full costs. Consideration is now being given to how this approach can be applied to all services, especially those where the service should operate on a break-even basis. This is intended to be reflected in the Base Budget report in November 2017, with all service budgets reflecting the full cost of asset usage.

6 RISKS

- 6.1 Increasing prices could deter usage where the take up is discretionary. Customers may choose to use the service less frequently or use an alternative supplier where one is available.
- 6.2 An inflationary increase has been assumed within the Council's Medium Term Financial Strategy for increases to discretionary fees and charges. However, inflation may prove to be higher than this in 2018, with the Council's costs of providing the service increasing more than inflation.
- 6.3 Future economic changes cannot be foreseen. Any potential future recession would probably see a decline in the Council's income, which if not replaced, would have implications for the MTFS. However, there may be opportunities to be grasped that could also generate extra income.
- 6.4 Mitigation - Managers will review activity levels over the next few months, with any revised forecasts being built into the Final 2018/19 Budgets presented to Members in February 2018. Budgets are monitored and reviewed by Managers on at least a monthly basis during 2017/18.

7 ALTERNATIVE OPTION CONSIDERED

- 7.1 The various options affecting individual charges are outlined in the main body of the report, sections 8 to 16.
- 7.2 Fees and Charges for 2018/19 remain static i.e. remain at the same level as for 2017/18, which would increase the savings to be found over the next five years unless additional activity could be generated to offset this.

8. BACKGROUND

8.1 Fees and Charges Preparation

- 8.1.1 Alongside these pieces of work, Managers also undertook fee comparisons as part of the usual annual Fees and Charges review.

- 8.1.2 Managers also spoke to users of their services to ascertain their views on price increases.

9. FEES AND CHARGES GUIDELINES

- 9.1 In accordance with the Financial Strategy and Code of Financial Practice it is appropriate to consider certain other factors when deciding what the Council's Fees and Charges should be:
- (a) The impact of the Fees and Charges levels on the implementation of Fit for the Future.
 - (b) The level of prices the market can bear including comparisons with neighbouring and other local authorities.
 - (c) The level of prices to be sufficient to recover the cost of the service.
 - (d) The impact of prices on level of usage.
 - (e) The Council's aspirations.
 - (f) The impact on the Council's future financial projections.

10. HEALTH AND COMMUNITY PROTECTION

10.1 Licensing and Registration

- 10.1.1 Licensing income fees and charges have been subject to some significant amendments due to recent legislation changes. Exercises continue to be undertaken, to cost each fee individually and this means that some increase, some stay the same and some reduce. Each fee should now be based on what it costs, in officer time and support costs, to produce that licence. Each licence should not contain a profit element and should breakeven over 3 years. This is a similar methodology to that for Building Control and Land Charges.

11 CHIEF EXECUTIVE'S DEPARTMENT

- 11.1 The GIS section of ICT has proposed amendments to the Street Name Numbering charges so as to ensure consistency. Details are shown in Appendix A.

12. CULTURAL SERVICES

- 12.1 Appendix A now reflects that the fees and charges for the Pump Room Annexe fees are under the control of the contractor and are not set by the Council.
- 12.2 Fees and charges at the Leisure Centres that WDC can influence are now limited to a list of Core Charges. These can be seen in Appendix B. The Contractor has requested that they be allowed to increase them by 2% in 2018 (in line with most of the charges controlled by the Council).

12.3 Victoria Park Tennis

This is now operating as a concession with the operator setting the charge, after consultation with this council. The concession fee is greater than the income being previously received from the operator and the administration of this service is now less cumbersome.

13. **DEVELOPMENT**

13.1 Building Control

13.1.1 Building control is subject to competition from the private sector and has to set charges that are competitive otherwise they will lose customers to the private sector. This is why they are proposing not to change them for 2018 for domestic properties as they are considered to be fair in the current competitive market. Fees for commercial projects are done on a bespoke basis, taking into account how many inspections will be needed, how long the project is likely to take and whether any additional professional services need to be brought in.

13.2 Local Land Charges

13.2.1 This account is also a ring-fenced account, similar to Building Control, and should break even over a rolling three year period. The income levels shown for Land Charges for 2018/19 will be close to the estimated level of expenditure incurred in running this service for that year. It is not proposed to increase these fees because tight control over costs has been maintained. Increasing fees would potentially cause the Land Charges Account to run at a significant surplus.

14. **HOUSING**

14.1 Houses in Multiple Occupation Licensing

14.1.1 HMO licensing fees are required to be set to recover costs. It is proposed to increase these charges by inflation to ensure that income generated meets the cost of providing the service, whilst not making a profit.

15. **NEIGHBOURHOOD**

15.1 Car Parking

15.1.1 Car Park Charges were agreed by members in September 2017 (following August's Executive report) to be increased from 2nd January 2018. The table below shows the following situation with car park income:

Income Summary: (Net of V.A.T.)	Actual 2016/17 £	Estimate 2017/18 £	Latest 2017/18 £	Estimate 2018/19 £	%
Car Parking	2,755,800	2,632,000	2,680,000	2,735,000	2.4
Season Tickets	257,500	225,000	255,000	270,000	20.0
Excess Charges	99,100	105,000	105,000	105,000	0
Other Income	42,000	48,000	48,000	48,000	0

Total Income	3,154,400	3,010,000	3,088,000	3,158,000	4.9
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15.1.2 For 2018/19 car park income levels are forecast to increase by 4.9% on the 2017/18 original estimate.

15.1.3 In accordance with the resolution of Council in February 2016, any surplus income over the amounts budgeted will be allocated to the Car Parks Repairs and Maintenance Reserve.

15.1.4 The car park stock requires substantial funds on an ongoing basis to maintain and improve it. All the costs of operating, maintaining and supporting the car park service have been brought together in a car parking Memorandum Account. This demonstrated that the car parks are operating at a substantial deficit. With continued financial restraint by Central Government upon Local Authorities there is a requirement for Warwick District Council to seek to recover the full costs of the service. Charges for this year have been devised to take into account the need to reduce the net cost of the service whilst understanding the parking needs associated with each town.

15.1.5 The estimates here assume that the current car park stock will continue to operate, and do not make any allowance for the potential closure of any car parks. As and when such proposals are considered, the full financial implications will be considered, alongside how any shortfall can be made up.

15.2 Season Tickets and Penalty Charge Notices

15.2.1 Season ticket income has performed well and this trend is expected to continue but may not match the performance of 2016/17, which was excellent.

15.2.2 Penalty Charge Notices (PCN) did not meet its target for 2016/17 but is expected to in 2017/18.

15.3 Bins

15.3.1 This was subject of a recent report to Executive. At that meeting it was agreed that Neighbourhood Services would produce a set of criteria for waiving the replacement waste container charge where there are special personal circumstances such as financial hardship.

15.3.2 Legal Services, at Warwickshire County Council, have recommended that in relation to charging for waste receptacles the policy should have a level of flexibility. This would mean that residents, who are suffering financial hardship, are not disproportionately disadvantaged by the operation of this policy.

15.3.3 Executive recommends to Council that 'any resident who is unable to pay for waste containers shall have the charges waived if they are eligible for maximum council tax reduction as well as being in receipt of either

Attendance Allowance, Disability Living Allowance or Personal Independence Payment. This will be subject to any request being limited to one every two years. Outside of this, charges may only be waived where the Council is satisfied that the household would experience exceptional financial hardship.

15.3.4 The Council Tax Reduction Scheme is means tested, and takes into account a number of considerations that would impact on someone's ability to pay for waste receptacles. The advantage of referring to this scheme is that it enables decisions to be made quickly without further evaluations of someone's ability to pay.

15.4 Bereavement

15.4.1 Interment and Cremation fees

The main changes which will require explanation are the charges for babies' funerals, in both the burial and cremation sections. It is proposed not to charge for babies and up to 16 years where the funeral is arranged by the parent (or person with parental responsibility) who lives in WDC. There will still be a charge for non-residents and for babies whose funerals are arranged by a statutory authority. This ensures that it is truly bereaved parents of our district that benefit from this change and no other publicly or privately funded organisations/departments. Sale of burial rights will still apply.

15.4.2 Details of some minor changes in charges are shown in Appendix A -these have been done to remove anomalies and to respond to market conditions.

15.4.3 Income details (exclusive of surcharge premium) for, both the Cemeteries and Crematorium for, 2017/18 & 2018/19 are shown below.

	Original 2017/18	Latest 2017/18	Original 2018/19
	£	£	£
Cemeteries	365,400	370,100	385,700
Crematorium	1,334,500	1,251,000	1,326,200
Total	1,699,900	1,621,100	1,711,900

15.4.4 The burials policy has been updated and is attached in Appendix C.

15.5 Enforcement Charges – Waste /Litter Related

15.5.1 A report (Shared Environmental Enforcement with Rugby BC), from Neighbourhood Services, to September's Executive details its proposal to introduce a shared enforcement service arrangement with Rugby Borough Council. The proposed charges for this regime are included within that report and Appendix A to this report.

HOUSING REVENUE ACCOUNT

16 Warwick Response

16.1 Lifelines and other charges

- 16.1.1 The income generated from the Warwick Response Fees and Charges is credited to the Housing Revenue Account, from where the costs of this service are met. Details of the charges are shown in Appendix A. The numbers and type of services offered were significantly increased last year and have generated additional income to reduce the cost of service. The charges were also increased significantly last year and the Manager proposes they should stay the same this year as there is strong competition from other providers (which they confirmed by a benchmarking exercise).